

Message Text

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PAGE 01 STATE 104898
ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 PM-04 SP-02 INR-07 ONY-00
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P:JFORBES
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S, D, P, T, S/P, PM, INR, NEA ONLY
-----072040Z 079732 /46
R 072017Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY TUNIS

C O N F I D E N T I A L STATE 104898

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: TS, MASS, EAID, PFOR

SUBJECT: FOLLOW-UP TO UNDER SECRETARY'S VISIT

REF: TUNIS 2782

1. FOLLOWING IS STATUS REPORT ON ITEMS IN REFTEL:

A. CHAPARRAL PRICE AND DELIVERY TIME: DOD/ISA STAFF
ADVISES THAT ARMY AND DSAA DISAGREE ON INTERPRETATION OF
LEGISLATIVE RECOUPMENT REQUIREMENTS. MATTER IS BEFORE OSD
COMPTROLLER GENERAL. WE AGREE WITH ISA THAT AT 63,000
DOLLARS PER COPY, THE MISSILE IS OVERPRICED. HOWEVER,
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UNDERSTAND U.S. SERVICES HAVE WON SEVERAL PREVIOUS SIMILAR
DISPUTES ON PRICING. SINCE PRICING AFFECTS OUR BILATERAL
RELATIONS, WE ARE MAKING A CONCERTED EFFORT TO INFLUENCE
DOD DECISION, BUT CANNOT YET PREDICT OUTCOME. SECDEF
BROWN'S LETTER TO FARHAT (SEPTTEL) STATES THAT WE ARE
LOOKING INTO WHAT FLEXIBILITY WE MIGHT HAVE ON PRICING
UNDER OUR LEGISLATION. LETTER ALSO STATES THAT "WE EXPECT

THAT THE AGREED DELIVERY DATES WILL BE MET."

B. CONTINENTAL SHELF: COVERED IN SEPTELS.

C. ADDITIONAL FMS FINANCING: DUE TO CANCELLATION OF FMS PROGRAMS IN SEVERAL COUNTRIES, WE ARE ATTEMPTING TO MAKE ADDITIONAL FINANCING AVAILABLE TO TUNISIA THIS FISCAL YEAR. SINCE PRESIDENTIAL DETERMINATION REQUIRED BY SECTION 33(B) OF THE ARMS EXPORT CONTROL ACT TO WAIVE 40 MILLION DOLLAR CEILING ON MILITARY ASSISTANCE AND FMS FINANCING TO AFRICA IS INVOLVED, WE CANNOT PROMISE WHEN OR WHAT AMOUNT OF SUPPLEMENTARY FMS FINANCING WILL BE MADE AVAILABLE TO TUNISIA IN FY 1977. (FYI ONLY: MAY 2 LETTER FROM SECDEF BROWN TO FARHAT CLEARED BY DEPARTMENT (TEXT BEING TRANSMITTED SEPTEL) STATES THAT WE ARE LOOKING AT POSSIBILITY OF PROVIDING ADDITIONAL 10 MILLION DOLLARS FOR TOTAL OF 25 MILLION DOLLARS IN FMS FINANCING TO GOT IN FY 1977. IN EXPECTATION THAT ADDITIONAL 10 MILLION DOLLARS WILL BE AVAILABLE, WE PROPOSE TO DEFER SIGNING OF CREDIT AGREEMENT TO AVOID NEED FOR TWO SEPARATE AGREEMENTS--ONE FOR 15 MILLION DOLLARS ALREADY APPROVED AND THE OTHER FOR ADDITIONAL 10 MILLION DOLLARS. INSTEAD, WE LOOK TOWARDS SIGNING A SINGLE CREDIT AGREEMENT FOR 25 MILLION DOLLARS IN LATE SPRING OR EARLY SUMMER. END FYI)

D. SILIANA LOAN: REGRET AUTHORIZATION OF RURAL DEVELOPMENT LOAN CONTINUES TO BE DELAYED. PROBLEM NOT FUNDAMENTALLY WITH PROJECT ITSELF BUT RATHER IS RELATED TO THE BROADER ISSUE WITH CONGRESS ON A.I.D. PROJECT APPROVAL
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PROCEDURES. HOPE FOR RESOLUTION SOON WHICH WILL PERMIT AUTHORIZATION, BUT A.I.D. CAN GIVE NO ASSURANCES ON TIMING. STATUS OF PROJECT APPROVAL AS DESCRIBED ABOVE EXPLAINED TO PLANNING MINISTER ZAAOUNI BY NOOTER ON APRIL 26, 1977. WE DISCUSSED MATTER FURTHER WITH A.I.D. ON MAY 6, AND PLAN TO BE IN TOUCH SHORTLY WITH SENATOR INOUE

2. APART FROM ABOVE, HABIB ALSO PROMISED AN UPDATE ON INTELLIGENCE ON LIBYA. WE ARE SENDING CURRENT ANALYSIS BY SEPTEL. CHRISTOPHER

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Message Attributes

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Disposition Approved on Date:
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